

Exhibit 82

Plaintiffs' Corrected Averment of Jurisdictional Facts and
Evidence and/or Statement of Facts as to Defendant Al Rajhi Bank
Pursuant to Rule 56.1

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(U) FAC No. SDG-196357

(U) MEMORANDUM FOR R. RICHARD NEWCOMB
DIRECTOR
OFFICE OF FOREIGN ASSETS CONTROL

(U) THROUGH: [REDACTED]
Chief, Foreign Terrorist Programs Division

(U) FROM: Foreign Terrorist Officer

(U) SUBJECT: Designation Pursuant to E.O. 13224

(U) Yasin AL-QADI
(U) a.k.a. Yasin Kadi
(U) a.k.a. Yasin Kahdi
(U) a.k.a. Shaykh Yassin Abdullah Kadi
(S) [REDACTED] a.k.a. Yasim Al-Kadi [Exhibit O, at para. 3]
(S) [REDACTED] a.k.a. Yassin 'Abd Al-Hadi [Exhibit O, at para. 3]
(S) [REDACTED] a.k.a. Abu Ma'ath [Exhibit DD, at para. A]

(U) POB: Cairo, Egypt
(U) DOB: February 23, 1955
(U) Saudi Passport #: A-848526 (issued in Jeddah)
[Exhibit A]

(U) Current Address: Jeddah, Saudi Arabia

(U) INTRODUCTION:

(U) President Bush issued Executive Order 13224 (September 23, 2001) ("E.O. 13224" or "the E.O."), declaring a national emergency to address grave acts of terrorism and threats of terrorism committed by foreign terrorists, including the September 11, 2001, terrorist attacks in New York, Pennsylvania, and at the Pentagon. E.O. 13224 authorizes the Secretary of the Treasury, in consultation with the Secretaries of State and Homeland Security and the Attorney General, to designate those persons determined to be:

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Derived by: [REDACTED]
Derived from: [REDACTED]

Declassify On: [REDACTED]

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- owned or controlled by, or to be acting for or on behalf of those persons listed in the Annex to the E.O., or those determined to be subject to subsection 1(b), 1(c) or 1(d)(i) of the E.O.;
- assisting in, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, such acts of terrorism or those persons listed in the Annex to E.O. 13224 or determined to be subject to the E.O.; or
- associated with those persons listed in the Annex, or those persons determined to be subject to subsection 1(b), 1(c), or 1(d)(i) of the E.O.

(U) The following is a summary of the evidence in the files of the Office of Foreign Assets Control which supports a determination that **Yassin AL-QADI [AL-QADI]** satisfies the standards for designation under Executive Order 13224 "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism," and is subject to its provisions and prohibitions.

(U) OFAC has reviewed evidence from many sources involving numerous activities taking place over a significant length of time. OFAC finds that this evidence is credible, particularly when taken as a whole. The evidence includes both publicly available material and classified evidence that is not appropriately releasable to the public for several reasons, including preventing harm to the national security of the United States. The evidence clearly supports the determination that **AL-QADI** is subject to Executive Order 13224.

(U) Summary

(S) **AL-QADI**, a Saudi businessman whose companies span the Middle East, Europe, North America and South Asia, has been consistently identified as a financial supporter of Usama bin Laden and other known Islamic extremists for nearly a decade. This identification has been made by multiple independent foreign government services, as well as by open source press reports, spanning **AL-QADI's** associations with businesses, charities and direct relations with individuals aligned with terrorism. It is also supported by federal money-laundering investigations.

(U) **AL-QADI** was initially designated as subject to E.O. 13224 on October 12, 2001. He is also on the United Nations' Consolidated List of All Entities/Individuals Whose Accounts Should be Frozen in Accordance with the United Nations Security Council Resolutions Relating to Afghanistan (Taliban & Usama Bin Laden) or Terrorism, pursuant to paragraph 8(C) of Resolution 1333. The European Union has also frozen his assets, pursuant to Council Regulation (EC) No. 467/2001 "imposing certain specific restrictive measures directed against certain persons and entities associated with Usama bin Laden, the Al-Qaida network and the Taliban." He now seeks reconsideration of his designation under E.O. 13224.

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(S) [REDACTED] AL-QADI established the Muwafaq Foundation ("Muwafaq" or "the Foundation") in 1992. Though established as a charitable organization, Muwafaq, according to information available to the U.S. government, also acted as a conduit for transferring money to known terrorists and extremist groups. According to information available to the U.S. government, Muwafaq has been affiliated with Makhtab al-Khidamat and al Qaida, both designated as Specially Designated Global Terrorists (SDGTs) on September 23, 2001, pursuant to Executive Order 13224.

(S) [REDACTED] AL-QADI repeatedly used Muwafaq, as well as his own corporations and employees, to divert funds to Islamic extremists, supporting their terrorist and extremist activities.

(S) [REDACTED] Chafiq Ayadi and Wa'el Hamza A. Julaidan, both designated SDGTs, by AL-QADI's own admissions worked closely with him, and received direct and indirect funding from him. Other individuals known to be supporters of terrorism and organizers of terrorists also held key financial positions with branch offices of Muwafaq. Other entities controlled by AL-QADI have received funding from AL-QADI either directly or through Muwafaq or AL-QADI's companies, in a pattern that suggests money laundering.

(S) [REDACTED] Through Muwafaq, AL-QADI provided funds or otherwise assisted the Egyptian Islamic Jihad, HAMAS, the Abu Sayyaf Group, the Revival of Islamic Heritage Society, and Al-Haramayn (Bosnia), each of which has been designated an SDGT pursuant to E.O. 13224. Further, he has admitted to directly providing funds in 1992 and 1993 to Muhammad Salah, a high-level HAMAS operative and a Specially Designated Terrorist ("SDT") under Executive Order 12947, "Prohibiting Transactions with Terrorists Who Threaten To Disrupt the Middle East Peace Process," signed in 1995.

(U) Though Muwafaq was a charitable foundation, and AL-QADI in his submissions to OFAC has provided evidence that it was involved in substantial charitable activities, this by no means undermines the determination that the charity was, in addition, used to fund terrorism. The use of an ostensible charitable foundation is a frequently used mechanism for covertly supporting terrorism. [See e.g. Exhibit YYY, at p. 6.]

(U) PREVIOUS DESIGNATION BASIS

(TS) [REDACTED] Yasin AL-QADI was designated under E.O. 13224 on October 12, 2001. The text of the evidentiary concerning AL-QADI reads, "Yasin AL-QADI has been identified in classified reports as being a probable financial supporter of Usama bin Ladin. As part of this effort, AL-QADI established Muwafaq in 1992, which has been identified as being affiliated with both Makhtab al-Khidamat and al-Qaida and worked as a conduit for transferring money on behalf of Usama bin Laden. Makhtab al-Khidamat, al-Qaida and Usama bin Laden have all been named in the Annex to Executive Order 13224." [Exhibit I. See also the exhibits to Exhibit I, attached hereto as Exhibit F at paras. 1 and 3, Exhibit G, at para. 1, Exhibit H, at para. 1]

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(U) Following the designation of AL-QADI, on or about October 11, 2001, the Department of Treasury, in response to a request by the United Kingdom for additional information on AL-QADI, faxed a two-page document to governmental officials in the United Kingdom. [Exhibit AAA.] The two-page fax included reference only to certain unclassified material. While many of the submissions of AL-QADI in support of his petition to de-list make reference to the two-page fax as containing the sole or primary basis for the support of the designation under E.O. 13224, this interpretation of the fax is incorrect. The original designation and maintenance of AL-QADI was based upon both classified and unclassified material. Further, AL-QADI asserts in his submissions that some of the information in the two-page fax is incorrect, such as the fact that he does not have a brother. We accept that AL-QADI does not have a brother. As noted, however, AL-QADI's designation is based on both classified and unclassified information beyond the information contained in the two-page fax.

(U) PROCEDURAL HISTORY

(U) AL-QADI has requested reconsideration of the October 12, 2001 designation of him under E.O. 13224. In support of his petition to be delisted, he has presented the following material: Witness Statement of Yassin Abdullah Kadi, dated 17 December 2001 ("12-17-2001 WS"); Supplemental Witness Statement of Yasin Abdullah Kadi, dated 23 July 2002 ("7-23-2002 WS"); Yassin Abdullah Kadi Summary Presentation for OFAC, August 1, 2002 ("8-1-2002 Meeting"); Statement of Yassin Abdullah Kadi, dated December 19, 2002 ("12-19-2002 WS"); Presentation for February 28th Meeting with OFAC, dated February 28, 2003 ("2-28-2003 Meeting"); Answers to Questions Concerning the Petition to Delist Yassin Abdullah Kadi, dated July 11, 2003 ("7-11-2003 Answers"); and the Submission of Yassin Abdullah Kadi to the Deputy Attorney General of Switzerland, Mr. Claude Nicati, Further to the Meeting at the Swiss Embassy in Riyadh on 1 July 2003, dated August 22, 2003 ("8-22-2003 WS").

(U) OFAC has now reviewed AL-QADI's submissions including the documents and exhibits submitted in support of the witness statements and other submissions. Based on the evidence set forth below, including the admissions and explanations and defenses of AL-QADI as well as the classified evidence, there continues to be a reasonable basis to maintain the designation based upon the full record contained in OFAC's files.

(U) AL-QADI'S LINKS TO TERRORISTS, EXTREMISTS, AND TERRORISM-RELATED ACTIVITIES

(U) AL-QADI declares in multiple places in his submissions to OFAC, that he and his legal team have examined many documents and have interviewed a number of witnesses including former employees of Muwafaq and "have found no evidence whatsoever that any transaction benefited Osama bin Laden, Al Qaeda, or any other terrorist activity or group." AL-QADI claims throughout his submissions that "to the best of [his] knowledge the Foundation never provided money to any terrorist individuals or organizations, whether or not designated under E.O. 13224." AL-QADI asserts, "I have

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never provided support for terrorism, financial or otherwise, and I am personally strongly opposed to terrorist activity in all forms.”¹

(S) However, there is substantial evidence before OFAC that Muwafaq, an entity founded, supervised and ultimately controlled by AL-QADI, was engaged in a long-running pattern and practice of employing individuals with known terrorist and extremist backgrounds as the heads of its regional offices. These offices were understood by multiple foreign government intelligence services around the globe to be involved in distributing funds to, providing logistical support and employment for, and otherwise aiding terrorists and extremists. Additionally, SDGTs, including Ayadi and Julaidan, had ties to businesses owned by AL-QADI.

(U) AL-QADI has, however, admitted that he provided money directly to Muhammad Salah, a Specially Designated Terrorist (“SDT”) under E.O. 12947, and Specially Designated Global Terrorist (“SDGT”) under E.O. 13224, who has admitted his ties to SDGT HAMAS as an operative and recruiter specifically for the military wing of HAMAS. AL-QADI also admits that he gave shares in KA Stan to SDGT Wa’el Julaidan as a “reward” for his charitable work. Moreover, as outlined below, the totality of the evidence demonstrates AL-QADI’s links to terrorists, extremists, and terrorism-related activities.

(U) AL-QADI and the Muwafaq Foundation

(U) Muwafaq was founded as a charitable trust in Jersey, Channel Islands on May 31, 1992.² According to the submissions of AL-QADI, the Board of Trustees, consisted of six individuals: AL-QADI, Abdul Rahman bin Mahfouz, Rais bin Mahfouz, Talal Badkook, Dr. Mohamed Ali El-Gari Bin Eid, Abdul Gani Al-Khariji.³ “Legally, of course, the board of trustees was responsible for the supervision of the Foundation. The trustees were all busy businessmen and they delegated to Mr. Kadi the running and operation of the Foundation. *In practice, therefore, Mr. Kadi was the driving force behind the administration of the Foundation.* (Emphasis added.)”⁴ AL-QADI states that he selected the managers responsible for the various countries, and that he then delegated his authority to the various country managers, who in turn took day-to-day responsibility for running Muwafaq.⁵

(U) Regarding the provision of funds which were used to establish and maintain operations of the local offices, AL-QADI states that he would help raise money for the activities of the local offices, and that he would visit each active project country about three to four times a year.⁶ “I was involved in strategic decisions concerning the

¹ 12-19-2002 WS, p.35; 7-11-2003 Answers, p. 12; 12-17-2001 WS, p. 2; 2-28-2003 Meeting, p. 5.

² 7-11-2003 Answers, p.1.

³ 12-19-2002 WS, p.12.

⁴ 7-11-2003 Answers, p.1-2.

⁵ 7-11-2003 Answers, p.2.

⁶ 7-11-2003 Answers, p.2.

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Foundation -- decisions on how best to apply the Foundation's funds consistent with its charitable objects and purposes."⁷

(U) Regarding the maintenance of records and audits for the units, **AL-QADI** states that there was little auditing actually performed, and that in several of the countries in which Muwafaq operated, there are "no meaningful financial records available."⁸ Even in countries where there was a requirement that audits be filed, e.g. Pakistan, **AL-QADI** can not confirm that the results of the audits were filed as required.⁹

(U) On the whole, **AL-QADI** states that "as a general rule the activities engaged in by the Foundation were the support of local humanitarian activities, including providing housing, food, medicine, and shelter to persons in need."¹⁰ Furthermore he maintains that it is "totally untrue that 'Muwafaq is an al-Qaeda front that receives funding from wealthy Saudi businessmen.' Muwafaq has never had any connection to Al-Qaeda or to any other terrorist individual, group or organization whatsoever."¹¹ Regarding its legitimacy, **AL-QADI** asserts that Muwafaq was accepted and recognized by both local regulatory bodies and international funding bodies.¹²

(U) Explaining **AL-QADI**'s simultaneous involvement in both business and charitable activities in the same countries, **AL-QADI** writes that, "It will be seen that in some cases I have conducted in parallel both charitable and commercial activities in those countries. The reason for this is that war-torn countries are often emerging markets that can offer good investment returns for outside foreign investors albeit at relatively high risk."¹³

(U) According to **AL-QADI**'s submissions, Sudan was the first country in which Muwafaq was active. Muwafaq subsequently operated in Pakistan, Afghanistan, Ethiopia, Somalia, Bosnia/Herzegovina, Albania, Austria, and Germany.¹⁴

(S) Of these seven offices/operations:

- 1) Sudan: Closed by Kadi following publication of *Africa Confidential* article linking Muwafaq to 1995 attempt on President Mubarak, and ceased operations in 1996 at about the same time that Bin Ladin left Sudan. Additionally **AL-QADI** is quoted as saying the office provided assistance to "jihad activities."
- 2) Pakistan: Headed by Amir Mehdi, who was reportedly a member of Al Qaida. The Pakistan government on March 21, 1995 raided the office and Mehdi was arrested on May 29, 1995. The office shut shortly thereafter.
- 3) Ethiopia: Closed in 1995 by the Ethiopian government subsequent to the *Africa Confidential* report.

⁷ 12-19-2002 WS, p. 14.

⁸ 7-11-2003 Answers, p. 3.

⁹ 7-11-2003 Answers, p. 7.

¹⁰ 7-11-2003 Answers, p. 13.

¹¹ 12-17-2001 WS, p. 4-5.

¹² 2-28-2003 Meeting, p.3.

¹³ 12-19-2002 WS, p. 9.

¹⁴ 12-19-2002 WS, p. 14.

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- 4) Europe: Headed by Chafiq Ayadi, who is designated as an SDGT, and was a leader of the radical Tunisian Islamic Front.
- 5) Albania: Office was headed by Dr. Abdul Latif Saleh who founded the Albanian Islamic Jihad, and who was deported from Albania in 1999 for his links to terrorism.

(S) [REDACTED] Thus, there were at least three different individuals heading Muwafaq offices intimately linked to terrorists and terrorist financing, and an additional office was closed by a foreign government following reported links of that office to terrorist acts.

(U) The Findings Based Upon Information Available to the U.S. Government

(S) [REDACTED] According to the information available to the U.S. Government, and contrary to accounts provided by AL-QADI, his most extensive, though not sole, ties to terrorism occurred through Muwafaq. AL-QADI admits that he provided a grant of 12,000 British pounds sterling to create the al-Muwafaq al-Khayriyya ("Muwafaq") or Blessed Relief Foundation.¹⁵ [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(U) Muwafaq's European Offices

(U) AL-QADI hired Chafiq Ayadi, an SDGT designated at the same time as AL-QADI on October 12, 2001, to head Muwafaq's European operations upon the recommendation of Wa'el Julaidan in late 1992.¹⁶

¹⁵ (U) 12-19-2002 WS, "Muwafaq, an Arabic word which means, in essence, 'Blessed Success' or 'Holy Success'.... The Foundation was founded as a charitable trust in Jersey by means of a Constitution and Declaration of Trust dated May 31, 1992." Paras. 24, 25. This statement further notes that the six trustees of the Foundation Abdul Rahman bin Mahfouz, the son of Khalid Bin Mahfouz, and Rais bin Mahfouz were appointed and nominated by Bin Mahfouz. Talal Badkook, Dr. Mohamed Ali El-Gari Bin Eid, and Abdul Gani Al-Khariji, were nominated by AL-QADI. AL-QADI also was a trustee.

¹⁶ 12-19-2002 WS, p. 35.

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(U) Wa'el Hamza Julaidan, a Saudi citizen, is an associate of Usama bin Ladin. Julaidan fought with bin Ladin in Afghanistan in the 1980s. Julaidan is also associated with several individuals and entities linked to al Qaida, including bin Ladin lieutenants Ayman al-Zawahiri, Abu Zubaida, and Mohammed Atef. Al-Zawahiri, Zubaida and Atef were all designated SDGTs on September 23, 2001. Additionally, he is associated with the SDGT organizations Makhtab al Khidamat, the Rabita Trust, and al-Gam'a al-Islamiya. [Exhibit ZZZ, Exhibit XXX]

(U) Bin Ladin himself acknowledged his close ties to Julaidan during a 1999 interview with Al-Jazeera TV. When referring to the assassination of al Qaida co-founder Abdullah Azzam, bin Ladin stated that "We were all in one boat, as is known to you, including our brother, Wa'el Julaidan." Julaidan has established contacts with several known Arab Islamic extremists, including bin Ladin's principal lieutenant, SDGT Ayman al-Zawahiri. Another bin Ladin lieutenant, SDGT Abu Zubaida, claimed that he accompanied Julaidan from Pakistan to Kandahar, Afghanistan, during the summer of 2000. Zubaida said that Julaidan met with bin Ladin and senior bin Ladin lieutenant SDGT Mohammed Atef soon after arriving in Kandahar. Julaidan was jointly designated on September 6, by the United States and Saudi Arabia for his terrorist ties. [Exhibit ZZZ; Exhibit AAAA.]

(TS) [REDACTED] Julaidan is a longtime Bin Ladin and al Qaida associate and a senior official of the Jeddah-based Innocent for Trading Services Company. He has directed or otherwise been associated with Saudi NGOs and their offices in Pakistan as a veteran of the Islamic charity circuit. Julaidan has held high-level positions at the International Islamic Relief Organization (IIRO), Muslim World League (MWL), SJRC, the Saudi Red Crescent Society (SRCS), and more recently at two Bin Ladin-affiliated charities, al-Waqf al-Islami, and as secretary general of SDGT Rabita Trust coordinating financial activities and overseeing the budget.

[REDACTED] Julaidan has provided support since the 1990s to Muslims in Bosnia and Chechnya – hotbeds of mujahidin activity – and may have used his position and influence at these organizations to divert funds and resources to al Qaida. [REDACTED]

(U) AL-QADI had known Julaidan as a family friend since the 1980s, and states in his submissions to OFAC, "[Julaidan] is well known for his humanitarian relief work for the Afghan refugees during the Soviet occupation of Afghanistan in the 1980s. In 1992 Waa'el Julaidan helped Mr. Kadi to establish an advanced teachers' college in Zagreb to educate women refugees to become teachers. He recommended Chafiq Ayadi to Mr. Kadi as a suitable person to manage this college. The recommendation was on the basis of Chafi Ayadi's integrity and experience in the humanitarian field. It had nothing whatever to do with, and there was absolutely no discussion concerning or any involvement with any terrorist purpose."¹⁷ AL-QADI states elsewhere that, "at that time, in 1992, AL-

¹⁷ 2-28-2003 Meeting, p. 7; 12-19-2002 WS, p.54.

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QADI had no reason or indication to suspect either Waa'el Juldaidan or Chafiq Ayadi of supporting any terrorist or extremist causes."¹⁸

(U) However, AL-QADI's submissions regarding Julaidan raise significant questions. Despite the above information regarding Julaidan, AL-QADI says that it is his firm belief that Julaidan maintained no continuing association with Usama bin Laden after 1994,¹⁹ and that he asked Julaidan on "several occasions" about any ongoing relationship with Usama Bin Laden.

(U) Ayadi was employed as director in charge of Muwafaq's European activities from 1992 to 1995 or 1996, and during that time AL-QADI transferred substantial sums to Ayadi's personal account. AL-QADI states that these transfers were for the sole purpose of the charitable objectives of Muwafaq. He further states that the standing instructions to all of Muwafaq's employees were that they were strictly to adhere to the laws and regulations of all countries where Muwafaq worked and not to engage Muwafaq in any activities outside the strict charitable purposes laid down in Muwafaq's Constitution and Declaration of Trust.²⁰

[REDACTED]

¹⁸ 7-11-2003 Answers, p. 18-19; 12-19-2002 WS, p.34.

¹⁹ 7-11-2003 Answers, p. 23.

²⁰ 12-17-2001 WS, p.6-7; 7-11-2003 Answers, p. 20.

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(U) According to his submissions, **AL-QADI** claims that he has never heard of the Tunisian Islamic Front.²²

(U) **AL-QADI** claims that none of his transactions with Ayadi were directly or indirectly for the purpose of aiding terrorism.²³ **AL-QADI** asserts that he was not aware of any allegations linking Chafiq Ayadi to terrorism or support for terrorism until Mr. Ayadi was designated by OFAC in October 2001. "Indeed, until Chafiq Ayadi's designation by OFAC nothing in Mr. **AL-QADI**'s relationship with Chafiq Ayadi indicated that Chafiq Ayadi was in any way involved with terrorist or extremist causes. **AL-QADI** says that he is not aware of any allegation of Ayadi's involvement with, support for, or association with any terrorist or extremist entities or operations."²⁴

(U) **AL-QADI** declares he never transferred any funds to Chafiq Ayadi or anybody else for the purpose of supporting Osama Bin Laden, Al-Qaeda or any other terrorist group or activity. "Nor have we seen any evidence that any funds he did transfer to Chafiq Ayadi have actually been used for any such purposes."²⁵

(U) **AL-QADI** asserts that he had no knowledge whatever that Muwafaq or any of its employees or personnel or any of its funds were ever used to provide financial support for any people or entity involved directly or indirectly with combat of any kind or at any location. **AL-QADI** also asserts that "had the Foundation been involved in providing financial support for combatants it would not have been allowed to work with [the WHO, UN, etc.]"²⁶ He further asserts that to the best of his knowledge, Muwafaq was never involved in the transportation of any members of any political party that was involved in advocating or pursuing the violent overthrow of any governments.²⁷

²² 7-11-2003 Answers, p. 27.

²³ 7-11-2003 Answers, p. 12-13.

²⁴ 7-11-2003 Answers, p. 23; OFAC Meeting Doc. p. 6.

²⁵ 2-28-2003 Meeting, p. 15.

²⁶ 7-11-2003 Answers, p. 9.

²⁷ 7-11-2003 Answers, p. 9-10.

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(U) AL-QADI has asserted that "I have never had any connection whatsoever with Al Haramain, the charity listed by the US Government."²⁸

(S) According to diplomatic reporting, "the flow of money among [AL-QADI investment] Depozitna Banka, [AL-QADI owned] Euro-Invest and the NGO Muwafaq defies logic for a normal business and strongly suggest money laundering. Ayadi loaned large amounts to Muwafaq and Euro-invest through Depozitna Banka. In a 1996 letter, Sead Sahovic, general manager of Depozitna Banka, wrote to Yassin Al Qadi claiming that Ayadi was abusing his position with the bank by making favorable loans to Muwafaq and Euro-Invest." In addition, Ayadi and AL-QADI were transferring large amounts of cash from Euro-Invest to the Muwafaq account. For instance, a September 1996 bank statement shows approximately 23 million DM transferred. [Exhibit LLL, at para. 7; see also Exhibit NNN, at 26-27; Exhibit OOO, at 10-11]

(U) Muwafaq's Albania Office, and Other AL-QADI Ties to Terrorism in Albania

(U) According to AL-QADI's submissions, he met Dr. Abdul Latif Saleh in 1992 at a medical conference. In 1993, AL-QADI and Saleh entered into a sugar importing business relationship establishing a company called Loks Holl Sh.P.K. registered in Albania. AL-QADI and Saleh established other business partnerships including a joint enterprise named Medicare Sh.P.K, and a construction business called Karavan, which later entered into a joint venture with Alinted.²⁹

(S) In these holdings AL-QADI held 90% of the interest in the companies, and Dr. Saleh held 10%. [Exhibit U, para.2.]

(U) In 1994 AL-QADI and Saleh set up the Muwafaq office in Albania with Saleh as the head of the operations there.³⁰

(S) Muwafaq activities in Albania were supported and financed by AL-QADI. Muwafaq operated an Islamic school in Kukes until 1997.

²⁸ 12-19-2002 WS, p. 42.

²⁹ 12-19-2002 WS, p. 46, 73-4.

³⁰ 12-19-2002 WS, p. 48.

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(U) Muwafaq ceased operations in Albania in 1997, according to AL-QADI'S submissions.³²

(U) According to his submissions, AL-QADI claimed to be surprised when he learned in November 1999 that Saleh had been deported from Albania.³³ After Saleh was deported, AL-QADI allegedly questioned Saleh about any terrorist activities in which Saleh could have been involved, but AL-QADI declares that at no time was he aware until October 23, 2001 of any allegations that Abdul Latif Saleh was involved in terrorist activities.³⁴ By AL-QADI's account, he was apparently convinced that Saleh's deportation was a case of mistaken identity. AL-QADI declares that there is "clear evidence of a case of mistaken identity regarding a certain Dr. Abdul Latif Saleh. ... We believe that Dr. Saleh has been confused with an Egyptian citizen of the same name who was extradited by Albanian authorities for allegedly being a member of the Jihad Group."³⁵

(S) [REDACTED] The identifiers regarding the Dr. Abdul Latif Saleh who was a founder of the Albanian Islamic Jihad and ultimately deported by Albania match those provided by AL-QADI's submissions of the Dr. Abdel Latif Saleh that he knew. [See e.g. Exhibit DDD, and 12-19-02 Submission at 44-46.] Contrary to AL-QADI's claims, there does not appear to be any mistaken identity involving Saleh's removal from Albania. For example, the Dr. Salah identified as a supporter of terrorism in the classified report is listed as having a ten percent share of the firm Locks-hall. Also, contrary to AL-QADI's assertions of a Dr. Saleh who is an Egyptian citizen being the deported terrorist, the Dr. Saleh noted in the reports as being deported is a Palestinian national with dual Jordanian/Albanian citizenship.

(TS) [REDACTED] After Saleh was expelled from Albania in 1999 for terrorist activities, AL-QADI continued to be business partners with Saleh, and would send a business partner to Jordan to get Saleh's signatures on documents in 2000. [Exhibit WW at para. 2.]

(TS) [REDACTED] According to information available to the U.S. Government, Saleh's phone number had been found in the phone books of individuals associated with Bin Laden who had targeted the U.S. Embassy in Tirana in 1998. [Exhibit BB]

³² 12-19-2002 WS, p. 50.

³³ 7-11-2003 Answers, p. 26.

³⁴ 7-11-2003 Answers, p. 26.

³⁵ 2-28-2003 Meeting, p. 9.

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(U) **AL-QADI** and Julaidan were "involved with a small-scale travel company named Abrar of Saudi Arabia. The focus of this business was to provide services to Muslim pilgrims especially during the pilgrimage season (Hajj) and throughout the year, for minor pilgrimages (Omrah)."³⁶

(U) Additionally, **AL-QADI** gave shares of a business he owned, KA Stan, to Julaidan as a "reward for the assistance he provided to [**AL-QADI**'s] charitable activities in Bosnia."³⁷

³⁶ 2-28-2003 Meeting, p. 7.

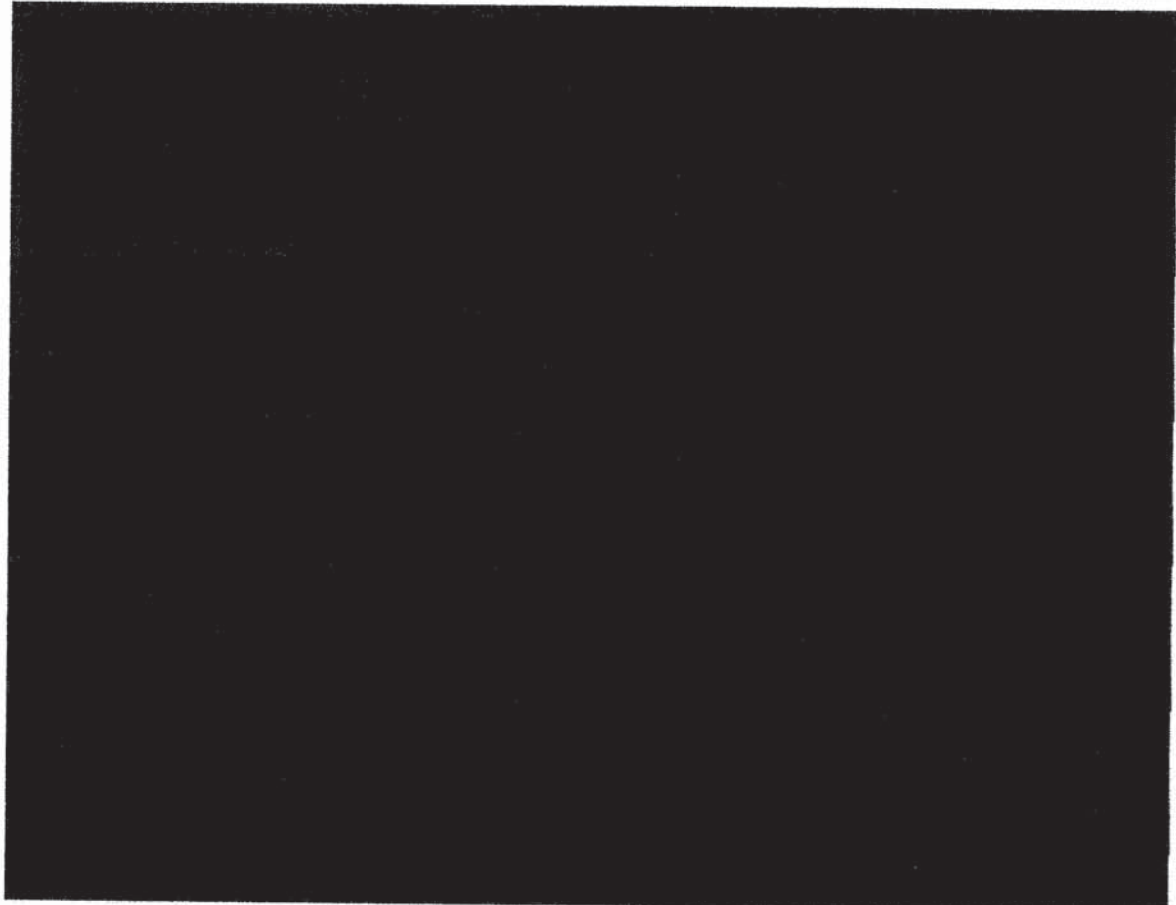
³⁷ 12-19-2002 WS, p. 79

³⁸ 12-19-2002 WS, p. 76.

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(U) SDGT Chafiq Ayadi held AL-QADI's shares in Depositna Banka as the nominee for AL-QADI from 1996 to 1998, and had a position with the bank until the end of 1998.³⁹



~~(LES)~~ OFAC conducted interviews with [REDACTED] regarding Kadi's request for reconsideration. The following information is based on a survey of AL-QADI's Albanian corporate documents by OFAC officers and through interviews conducted with AL-QADI employees in Albania during the May, 2002 review. [Exhibit R]

~~(LES)~~ During an interview with OFAC officers, [REDACTED] said that Muwafaq was provided money directly from Karavan when it had expenses to be met. Karavan was then reimbursed by AL-QADI. [Exhibit R, at p.9.]

~~(LES)~~ In an interview with OFAC officers, [REDACTED] said that money would

³⁹ 7-11-2003 Answers, p. 21.

~~TOP SECRET~~ [REDACTED]

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be drawn from Karavan on occasion for contributions to non-governmental organizations. [REDACTED] cited an example that when the company was ready to send a large sum of money back to Saudi Arabia as profits, the "main office" in Saudi Arabia instructed Karavan in Albania, instead, to give the funds to a charitable cause. Karavan did this by transferring the money to a local account controlled by **AL-QADI**, who would then distribute the profits. Muwafaq, when it was operational, also received funds in this manner. [Exhibit R, at p.21.]

(LES) In this same interview, [REDACTED] noted another instance of Karavan providing aid to NGOs, when it was approached by the Saudi NGO - Saudi Joint Relief Committee for Kosovo (SJRC). The SJRC's chief was Wa'el Julaidan. [REDACTED] said that Karavan had to give (assistance) "as if they were our guests." Julaidan was provided an office in the Karavan corporate building, close to that of [REDACTED] [Exhibit R at page 9, paragraph h; pages 21-22, paragraph j and k]

(LES) OFAC found numerous documents and correspondence between **AL-QADI** and Dr. Abdul Latif Saleh, indicating close working ties between the two men. Saleh was named as an official signer for Karavan and its bank accounts. Saleh was the general manager of all of **AL-QADI**'s businesses in Albania. Saleh was the only person who had authorization to withdraw money directly from **AL-QADI**'s bank account and transfer the funds whenever the situation required it. [Exhibit R, at p. 8]

(LES) Large wire transfers were seen through these documents coming into and out of **AL-QADI**'s personal accounts in Albania. As well, large cash withdrawals were made from Karavan accounts. On a certain occasions, large cash withdrawals were paid to Dr. Abdul Latef Saleh. [Exhibit R]

(LES) In an interview with OFAC officers, [REDACTED] noted that Wa'el Julaidan, as well as Saleh, had been senior supervisors of the **AL-QADI** companies. [REDACTED] that Dr. Latif Saleh treated Julaidan as his boss when Julaidan came to visit **AL-QADI**'s Albanian operations. [Exhibit R - pp. 4, 16, 23 and throughout document index]

(U) Muwafaq's Pakistan Office

(U) According to **AL-QADI**, he established the regional office of Muwafaq in Islamabad, Pakistan in 1992. The local director of the Foundation in Pakistan was Amir Mehdi. After an interview, Mehdi was hired because **AL-QADI** received "a good reference" for him. Later, Muwafaq was also registered in the City of Peshawar on August 13, 1995.⁴⁰

(U) **AL-QADI** describes what his alleged first indication he received that his chosen head of the Islamabad office was an alleged terrorist. After more than two years of Mehdi's handling and distributing Muwafaq funds, "On March 21, 1995 the Pakistan Government raided the local offices of the Foundation in Islamabad. Subsequently, the officials of the

⁴⁰ 12-19-2002 WS, p.27.

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~ [REDACTED]

FIA (the Pakistan security services) arrested Amir Mehdi on March 29, 1995. It should be noted that around this time the FIA also conducted raids and targeted other Muslim charities working in Pakistan with refugees."⁴¹

(U) According to open source reporting, it was the arrest of Ramzi Yousef for the first World Trade Center bombing in New York which triggered the raid on the Muwafaq office in Pakistan, as well as the offices of Mercy International. [Exhibit EEE.]

[REDACTED]

(TS) [REDACTED] Amir Mehdi may also have been associated with individuals involved in a 1994 plot to strike Israeli embassies, and U.S. airlines. [Exhibit KK, at p.3; Exhibit C at 2-3.]

(U) According to AL-QADI's submissions, Amir Mehdi was arrested without any information from the FIA as to the grounds of his arrest. Subsequently, Mehdi was informed that telephone numbers including a telephone number installed at his residence had allegedly been used for contact by associates of terrorists operating in Pakistan and abroad. Mehdi was eventually released. AL-QADI claims that, "At no time have I ever been aware of any link or connection between Amir Mehdi and any terrorist activity." However, Mehdi's employment was terminated following his release in 1995 and the charity was closed permanently in 1997.⁴²

(S) [REDACTED] Muwafaq's Peshawar office was receiving funds by courier from Saudi Arabia which were then being passed on to SDGT Makhtab al-Khidamat ("MK"). MK is considered the precursor to al Qaida, having been established in the early 1980s by Usama bin Laden and Abdullah Azzam. MK developed an independent global reach through several mosques and charities throughout the world. [Exhibit EE, at para. P; Exhibit CCCC.]

(U) AL-QADI provides evidence that Muwafaq was closed in Pakistan in April 1997. So far as Mr. AL-QADI knows, the assets of Muwafaq in Pakistan were disposed of upon its closure in Pakistan in 1997.⁴³

[REDACTED]

⁴¹ 12-19-2002 WS, p.31.

⁴² 12-19-2002 WS, p.31-32.

⁴³ 7-11-2003 Answers, p. 7-8.

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~ [REDACTED]

(U) Muwafaq's Sudan Office

(U) In the 1991-93 time frame, Sudan became the first country in which Muwafaq was active.⁴⁵ At the time that Muwafaq opened its Sudanese office, Usama Bin Ladin was based in Sudan. In May 1996, Bin Ladin left Sudan for Afghanistan. [Exhibit SSS]

(U) According to AL-QADI's submissions, in 1996, he made the decision to close the Muwafaq office in Sudan. He and Muwafaq's other trustees were fighting a libel action regarding the allegations published in *Africa Confidential*, which implicated Muwafaq in terrorism. AL-QADI instructed Muwafaq's Sudanese director, Siraj el Din Bari, to close down the activities of Muwafaq in Sudan, and Muwafaq eventually ceased its activities completely in Sudan at the end of 1996.⁴⁶

(U) AL-QADI has submitted documentation supporting his claim that he was successful in a libel action in the United Kingdom against the publication, and that *Africa Confidential* agreed to a Statement in Open Court which stated that no person named Siraj Mohammed Hussein had ever worked for Muwafaq or was in any way associated with Muwafaq.⁴⁷

(U) The outcome of that case does not establish that Muwafaq was not involved with terrorists.

[REDACTED]

⁴⁴ [REDACTED]

⁴⁵ 12-19-2002 WS, p. 21.

⁴⁶ 12-19-2002 WS, p. 24-25.

⁴⁷ 12-17-2001 WS, at 11. YAK2, p. 54-56.

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~ [REDACTED]

(U) Muwafaq Support for SDGT Makhtab al-Khidamat

(U) AL-QADI asserts that to the best of his knowledge, neither Muwafaq nor any of its employees or personnel has ever supported MK, that he personally has never had anything to do with this organization, and that the organization ceased to exist in 1989.⁴⁸

(S) [REDACTED] in the mid-1990's, Muwafaq partially financed MK, an NGO funded and controlled by Usama Bin Ladin. [Exhibit E, at para 14C; Exhibit N, at paras. 4, 6; Exhibit X, at para. 3.] MK was included in the Annex to E.O. 13224 as an SDGT on September 23, 2001.

(S) [REDACTED] Muwafaq continued to operate under the MK umbrella until July 2001, when the latter dissolved and was "absorbed into Usama bin Ladin's organization. All MK personnel both inside and outside of Afghanistan were considered to be affiliated with al Qaida. Subsequently, a number of Arab non-governmental organizations (NGO) and organizations formerly affiliated with MK had joined al Qaida. These include... Muwafaq [.] [Exhibit G, at para. 1]

(U) Muwafaq Support for SDGT Abu Sayyaf Group and HAMAS

(U) AL-QADI asserts that to the best of his knowledge neither Muwafaq nor any of its employees or personnel has ever supported the Abu Sayyaf organization or had any form of transactions or connections with it.⁴⁹

(S) [REDACTED]

Khalifah is the brother-in-law of Usama bin Ladin. The Abu Sayyaf Group was designated as an SDGT on September 23, 2001. HAMAS was designated an SDGT on October 31, 2001; it was originally designated an SDT under E.O. 12947 in 1995, and a Foreign Terrorist Organization in 1997 pursuant to the Antiterrorism and Effective Death Penalty Act of 1996. [Exhibit N, at para. 6-7.]

⁴⁸ 7-11-2003 Answers, p.9.

⁴⁹ 7-11-2003 Answers, p. 9.

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~ [REDACTED]

(U) Current Status of Muwafaq

(U) According to press reports **AL-QADI** asserted at the time of his designation that Muwafaq had terminated operations in 1996 or 1997. However, according to one of **AL-QADI**'s submissions, as of late 2002, Muwafaq continued to be registered in Holland and Belgium.⁵⁰

(U) Other **AL-QADI** Ties Directly to SDGT Usama Bin Ladin

(U) **AL-QADI** states that his meetings with Usama bin Laden are restricted to individual occasions in 1980, 1988 and maybe in 1992, during a time when Muwafaq was being initially created and funded.⁵¹ Regarding his relationship with Usama bin Ladin, **AL-QADI** asserts, "At no time have either I or Muwafaq ever contributed any funds or otherwise supported bin Laden or al Qaida. At no time have either I or Muwafaq ever acted as a conduit or channel for funds being passed to bin Laden or al-Qaida."⁵² Further, **AL-QADI** states that he has never managed money or any business enterprises for Usama bin Laden, or for the benefit of Usama bin Laden.⁵³

(U) Nor was he aware of any allegation that any company that he was associated with was funded by, controlled by, or sponsored by Usama bin Laden.⁵⁴

⁵⁰ 12-19-2002 WS, p. 15.

⁵¹ 7-11-2003 Answers, p. 17 - 18.

⁵² 12-17-2001 WS, p. 11.

⁵³ 7-11-2003 Answers, p. 16.

⁵⁴ 7-11-2003 Answers, p. 16.

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~ [REDACTED]

[REDACTED]

(U) AL-QADI Support for SDGT Asbat al-Ansar

(U) In his submissions to OFAC, AL-QADI claims that he did not provide any support, nor did he have any knowledge of SDGT Asbat al-Ansar.⁵⁵

(S) [REDACTED]
[REDACTED] Asbat al-Ansar was designated as an SDGT on September 23, 2001. [Exhibit Q, paras 1, 3.]

(U) Other Business Ties with Associates of Terrorists

(TS) [REDACTED] AL-QADI's partner in Birlisik Magazalar (BIM) in Turkey and Albanian Snacks Foodstuffs Company is Mustasafa Latif Topbas, who is the founder of the Bereket Wealth Foundation, which is part of the Rabita Trust Organization, an SDGT run by Julaidan. This organization probably is associated with Pakistan-based Rabita Trust, which facilitated fund transfers to al Qaida - [REDACTED]
[REDACTED] [Exhibit C at 5; Exhibit TTT.]

(U) AL-QADI and the Bin Mahfouz Family

(U) Kadi states in his submissions that during the 1990 to 1991 time period he was working with Khalid Bin Mahfouz for National Commercial Bank, and that they developed a relationship of mutual trust and respect.⁵⁶ During this time period Bin Mahfouz told AL-QADI that he wanted to start a charity in memory of his parents.

(S) [REDACTED] AL-QADI has business dealings with members of the Bin Mahfouz family, who have been linked to al Qaida and Bin Ladin, [REDACTED]
[REDACTED] [Exhibit C, at 5; Exhibit RR]

(U) According to press accounts, in 1998, the Saudi government audited the Jeddah-based National Commercial Bank and found that \$3 million in bank funds was funneled improperly to Muwafaq (a.k.a. Blessed Relief), which allegedly transferred the money to bin Laden. [Exhibit UUU, at p. 4.]

⁵⁵ 7-11-2003 Answers, p. 25.

⁵⁶ 7-11-2003 Answers, p.1.

~~TOP SECRET~~ [REDACTED]

~~TOP SECRET~~ [REDACTED]

(U) Press accounts also report that the National Commercial Bank denies the existence of any government audit showing that money had been diverted to Blessed Relief and transferred to Bin Ladin. AL-QADI also disputes that any such audit was ever performed, asserting further that Muwafaq has never had any account with the National Commercial Bank.⁵⁷ [Exhibit UUU, at p. 4.]

(U) AL-QADI Funds Provided Directly to SDGT Wa'el Julaidan for Use at Al-Iman University

(U) By his account, AL-QADI helped fund housing units for the Al-Iman University (a.k.a. Al-Eman University) in Sanaa, Yemen, transferring \$1.25 million between February 24, 1998, and August 3, 1998. He accomplished this transfer by sending money from the account of his company Karavan Development Group directly to SDGT Wa'el Julaidan.⁵⁸

(U) According to his submissions, Julaidan was entrusted with the implementation of "the University Housing Project" and executed the project through Julaidan's company, Maram. Maram was responsible for executing a contract with another company, Vefa, which constructed the housing.⁵⁹

(S) [REDACTED] Shaykh 'Abd Al-Majid Al-Zindani was a founder of Al-Eman University. According to sensitive information, Al-Zindani is considered to be one of the main ideologists of modern radical Islam. Al-Zindani supports or maintains ties with Usama bin Ladin, al Qaida and HAMAS. Al-Zindani is the director of the political wing of the Islah party (Yemeni Grouping for Reform) and leader of the Shura Council of the Islah Party. [Exhibit SS, at p. 2.]

(U) According to AL-QADI's submissions, Zindani had a long-standing association and friendship with AL-QADI's uncle, Dr. Mohammed Omar Zubayr. In 1997 when the University appealed for urgent donations, Zindani asked for the help of AL-QADI's uncle. "It was against this background that in late 1997 Mr. Kadi was approached by his uncle, Dr. Zubayr, who explained the University Housing Project to him and suggested it was worthy of Mr. Kadin's support. ...Based on this appeal, Mr. Kadi agreed to help by providing funds."⁶⁰

(U) AL-QADI states that the \$1.25 million was not given to "bin Laden's organization," but rather to the housing project.⁶¹

(S) [REDACTED] In late-September 2001, the Yemeni Government closed the Al-Eman University. The closure was temporary, pending the Ministry of Education's review of the school's

⁵⁷ 12-17-2001 WS, p. 10.

⁵⁸ 8-22-2003 WS, p. 1.

⁵⁹ 8-22-2003 WS, p. 6-9.

⁶⁰ 8-22-2003 WS, p. 5-6.

⁶¹ 8-22-2003 WS, p. 21.

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curriculum and elimination of any course or program promoting extremism, according to a sensitive contact. [Exhibit VVV, at para. 8.]

(S) [REDACTED] Diplomatic reporting informs that, as of September 2001, much of the senior Yemeni government leadership feared the long-term consequences for Yemen of the continued existence of the Al-Eman University. While Yemeni President Saleh could not shut down the University outright for domestic political reasons, the Yemeni government took steps to diminish its influence by expelling some 350 foreign students. The government also feared that the university might have al Qaida connections. [Exhibit BBBB, para. 2.]

(U) AL-QADI Provision of Funds to Admitted HAMAS Operative

(U) In July 1991, AL-QADI, through his company Qadi International and at the request of Dr. Ahmad Zaki Hammad (Dr. Zaki), wired \$820,000 from the Swiss branch of Faysal Finance to the Quranic Literacy Institute (QLI), a group outside of Chicago that distributes Muslim texts. The money was used to purchase and develop land located in Woodridge, Illinois.⁶² [Exhibit HHH, paras. 26-27]

(U) AL-QADI states that the \$820,000 was intended as an interest-free loan for a charitable cause.⁶³

(U) Muhammad Salah, an admitted high-level HAMAS operative and an SDT (Specially Designated Terrorist) under E.O. 12947, was involved with QLI. At certain times, Salah held himself out as an employee of QLI. For example, in support of a mortgage loan, Salah presented a letter to the bank printed on QLI letterhead, signed by a QLI Trustee, that stated that Salah began working for QLI as a computer analyst on January 1, 1991, at a salary of \$36,000. Other information shows that Salah was considered a volunteer with QLI. [Exhibit HHH, paras. 6-10; Exhibit WWW (United States v. One 1997 E35 Ford Van, et al., 50 F.Supp2d. 789, 794-95 (N.D. Ill 1999)).]

(U) Through his involvement with QLI, AL-QADI admits that in less than a one year period, he transferred \$167,000 directly to Salah's personal bank account. From March 1992, through October 1992, he authorized a total of \$107,000 to be transferred to Salah's personal account, and sometime around February 1993, he caused an additional \$60,000 to be transferred to Salah's personal account. The specific money transfers sent directly to Salah bank account are as follows:⁶⁴

\$27,000; transfer requested on March 3, 1992; transfer made on March 16, 1992 [Exhibit FFF, p. 4.]

\$30,000; transfer requested on June 1, 1992; transfer made on July 3, 1992

\$50,000; transfer requested on September 14, 1992; transfer made on October 7, 1992

⁶² 7-23-2002 WS, p. 11-12.

⁶³ 12-17-2001 WS, p. 13-14.

⁶⁴ 12-17-2001 WS, p. 15; 7-23-2002 WS, p. 18.

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\$60,000; transfer made around February 1993

(U) **AL-QADI** also states that he met Salah on two or three occasions.⁶⁵

(U) **AL-QADI** states that "he agreed to the request of [QLI Director] Dr. Zaki and his fellow board members of QLI to transfer some sums of money to the account of an individual named Mohamed Salah (a.k.a. Abu Ahmed) who was involved with QLI."⁶⁶ **AL-QADI** claims that the purpose of these funds were to pay editors, computer operators or other employees to work on the Quranic Project and to purchase equipment for this project.⁶⁷ He claims that his understanding was that he was providing approximately \$36,000 to support three individuals who were volunteering their time and services for the charitable purposes of QLI.⁶⁸

(U) Other than stating that he was asked by Dr. Zaki to do so, **AL-QADI** has not provided an adequate explanation as to why he did not send this money directly to QLI, or directly to the three "volunteers," rather than to Salah's personal bank account.

(U) During the time period that **AL-QADI** was providing money directly to Salah, Salah also received a substantial amount of money, through transparent bank transfers, from admitted HAMAS leader (and designated SDT and SDGT) Mousa Mohamed Abu Marzook and other HAMAS operatives. Bank records show more than \$752,800 flowing from Marzook (or accounts controlled by Marzook) to Salah between 1989 and January 1993. Bank records also show that in December 1992 and January 1993, other HAMAS operatives initiated a series of wire transfers into Salah's La Salle bank account in Chicago, totaling almost one million dollars. [Exhibit HHH, paras. 38, 45-54; Exhibit WWW United States v. One 1997 E35 Ford Van, et al., 50 F.Supp2d. 789, 794 (N.D. Ill. 1999); Exhibit AAAA (In the Matter of the Extradition of Mousa Mohammed Abu Marzook, 924 F. Supp. 565, 592 (S.D. N.Y. 1996))];

(U) Salah was arrested by the Israeli government on January 25, 1993, while he was engaged in a mission in Israel in support of the HAMAS terrorist organization. In January of 1995, Salah pled guilty in an Israeli military court to, among other things, illegally channeling funds to HAMAS. On July 27, 1995, the United States designated Salah as a SDT. [Exhibit HHH, paras. 4-5]

(U) During the time period that **AL-QADI** was providing money directly to Salah, Salah admitted to Israeli officials that he engaged in activities domestically and abroad for HAMAS. For example, in August and September of 1992, Salah flew to the Middle East on a sixteen day trip to Israel and the Occupied Territories. During this trip, Salah funneled approximately \$100,000 in funds to HAMAS leader Marzook. According to Salah, these funds were intended for and used to purchase weapons to carry out specified

⁶⁵ 12-17-2001 WS, p. 14.

⁶⁶ 12-17-2001 WS, p. 14.

⁶⁷ 12-17-2001 WS, p. 14.

⁶⁸ 7-11-2003 Answers, p. 31.

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terrorist actions against Israel. [Exhibit HHH, paras. 12-13, 15-19; Exhibit AAAA (In the Matter of the Extradition of Mousa Mohammed Abu Marzook, 924 F. Supp. 565, 587-89 (S.D. N.Y. 1996))] ⁶⁹

(U) Salah also traveled to Israel and the Occupied Territories on an extended trip for HAMAS in January 1993, which was cut short by his arrest by Israeli authorities. Salah took this trip at the direction of admitted HAMAS leader (and designated SDT) Marzook. [Exhibit HHH, paras. 38-43; Exhibit AAAA (In the Matter of the Extradition of Mousa Mohammed Abu Marzook, 924 F. Supp. 565, 587-89 (S.D. N.Y. 1996))] ⁷⁰

(U) On February 25, 1993, upon learning of Salah's arrest, AL-QADI instructed his bank to stop the wire transfer of \$60,000 to Salah's First Chicago account. ⁷⁰ Despite his efforts, the \$60,000 was deposited in Salah's account. ⁷¹

(U) AL-QADI states that he "accepts that in 1992 he transferred funds to Mahammed Salah," but he claims that he "had no idea at that time that Salah was involved with HAMAS." ⁷²

(U) QLI sold the Woodridge property in 1994, for more than the initial purchase price but did not repay Al-Qadi's \$820,000 loan. AL-QADI claims that "Dr. Zaki asked me to turn my loan... into what is known in Arabic as a 'Waqf which is another Islamic concept, the closest analogy to which in Western culture is a religious trust. This 'Waqf was to be used for the purchase of premises for QLI. I verbally agreed to this.'" ⁷³

(U) In June 1998, the United States brought suit against QLI and Salah under antiterrorism and money-laundering statutes to seize the assets of QLI and Salah. [Exhibit WWW (United States v. One 1997 E35 Ford Van, et al., 50 F. Supp2d. 789 (N.D. Ill 1999))] The government's allegations included, *inter alia*, that QLI and Salah falsely represented the true nature of their relationship to provide a cover for Salah; that QLI and individuals and entities related to QLI likely financed Salah's HAMAS-related expenditures since 1991 through structured transactions designed to conceal QLI as the source; that the \$820,000 funds transferred by AL-QADI went through a complex land transaction designed to produce money for HAMAS; and, that the land purchase was designed to conceal connections to QLI or AL-QADI. [Exhibit HHH; Exhibit WWW (United States v. One 1997 E35 Ford Van, et al., 50 F. Supp2d. 789, 795 (N.D. Ill 1999))] ⁷⁴

(U) In response to motions to dismiss filed by QLI and Salah in this forfeiture case, the

⁶⁹ The Salah admissions come from certified, translated and transcribed interviews between Salah and Israeli officials conducted during the approximate six months following his arrest in Israel on January 25, 1993. The interview transcripts are part of the public court record in United States v. Mousa Abu Marzook, No. 95 C 9799 (S.D.N.Y.) (the proceedings and findings of which are detailed at 924 F. Supp. 565, 587-89 (S.D.N.Y. 1996)).

⁷⁰ 12-17-2001 WS, at p. 15.

⁷¹ 7-23-2002 WS, at p. 17, 21.

⁷² 2-28-2003 Meeting, p. 12.

⁷³ 12-17-2001 WS, p. 18.

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United States District Court held:

These facts, taken as whole, raise the inference that the funds used to finance the Woodridge land deal were transferred from outside the United States with the intent that they be used to promote HAMAS' alleged campaign of violence against Israel and its citizens. The circumstances surrounding the Woodridge land deal, the relationship between QLI and Salah, and the efforts of QLI to provide financial support to Salah all raise the inference that QLI ordered Kadi to transmit the money used to purchase the Woodridge land with the intent that it would be used to support Salah in his activities on behalf of HAMAS.

In conclusion, we find that the government has alleged a reasonable basis for its belief that QLI arranged for Kadi to transfer the funds to purchase the Woodridge land from abroad with the intent that they would be used to promote carrying on of specified unlawful activity.

[Exhibit WWW (United States v. One 1997 E35 Ford Van, et al., 50 F.Supp2d. 789, 805-06 (N.D. Ill 1999))]. This forfeiture case is presently stayed.

(U) Although he did not intervene in the forfeiture case, **AL-QADI** denies the allegations asserted by the government in that case. He claims, "All of these transfers and the \$820,000 transfer in July 1991 were made with the utmost transparency to US bank accounts from my account(s) at Faisal Finance in Geneva, Switzerland. It is highly unlikely that anybody who intended to make payments supporting HAMAS or any other terrorist group would have transferred them to a person in the USA via the US banking system with such openness and transparency. It would appear to me that if I had wanted to support HAMAS or other terrorist group (which I repeat I never have) there are numerous other ways that goal could have been achieved more effectively and secretly."⁷⁴

(U) However, as explained above, HAMAS leader Marzook and other HAMAS operatives also transferred a substantial amount of funds to Salah through the transparency of U.S. bank accounts.

(U) Despite **AL-QADI's** knowledge of Saleh's involvement with HAMAS and the ultimate forfeiture case brought by the United States against QLI and Salah, **AL-QADI** never attempted to reclaim the \$820,000 provided to QLI for the land deal. Nor did **AL-QADI** stop further payments to QLI. Indeed, he states that "[f]ollowing Mohamed Salah's arrest I had agreed with Dr. Zaki to provide additional support directly to QLI."⁷⁵ **AL-QADI** further admits that "at the express request of Dr. Zaki, I transferred between 1991 and 1997, sums totaling \$210,000 to Dr. Zaki for charitable purposes of QLI and for

⁷⁴ 12-17-2001 WS, p. 16.

⁷⁵ 7-23-2002 WS, p. 21.

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his own personal account.”⁷⁶ Moreover, AL-QADI states that he has been listed as one of the directors of QLI in QLI’s Annual Report for the years 1994 to 1998.⁷⁷ AL-QADI’s involvement with QLI continued through at least 2002.⁷⁸

(U) Investment in BMI

(U) According to AL-QADI’s submissions, through a company called Kadi International, Inc., he invested in a company named BMI, Inc. based in Seacaucus, New Jersey. “The company interested me as an investment opportunity as it adhered to Islamic principles of investment.”⁸⁸

(U) AL-QADI asserts that “my investments with BMI, Inc. in the company’s real-estate and leasing investment funds, were passive and were entirely innocent. At the time of my investment in BMI I was totally unaware of the identity, nature or activities of any other investors in BMI. I am not aware that BMI, Inc. has ever had any connection with Osama bin Laden, Al Qaeda, Mousa Abu Marzouk, International Relief Organisation or Sulaiman Al-Ali or Mercy International as alleged in the Article.”⁸⁹ This claim of having no idea or interest in who the other investors were, and of being a totally passive investor in the enterprise, is made despite AL-QADI’s experience and sophistication as an international businessman.

(U) According to a March 2000 affidavit sworn out by FBI Agent Robert Wright, one of AL-QADI’s co-investors in BMI was SDT Mousa Abu Marzook, the HAMAS leader who was also associated with Mohammed Salah.

(U) In August 1998, the al Qaeda network simultaneously bombed two U.S. embassies in East Africa.

(U) According to Robert Wright’s affidavit in 2000, a BMI accountant contacted the FBI by telephone, saying he believed his employer was supporting terrorism. The accountant reported that money he “was transferring overseas on behalf of the company may have

⁷⁶ 7-23-2002 WS, p. 22. (U) AL-QADI also states that “in 1992, at the express request of Dr. Zaki, I transferred sums totaling in the region of \$250,000 - \$300,000 to Dr. Zaki for the charitable purposes of QLI and for his own personal account.” 12-17-2001, at p. 16.

⁷⁷ 7-11-2003 Answers, p. 28.

⁷⁸ 7-11-2003 Answers, p. 29.

⁷⁹ 12-17-2001 WS, p. 15.

⁸⁰ 12-17-2001 WS, p. 15.

⁸¹ 12-17-2001 WS, p. 14.

⁸² 12-17-2001 WS, p. 16.

⁸³ 7-11-2003 Answers, p. 29.

⁸⁴ 2-28-2003 Meeting, p. 12.

⁸⁵ 12-17-2001 WS, p. 18.

⁸⁶ 12-17-2001 WS, p. 18.

⁸⁷ 12-17-2001 WS, p. 19.

⁸⁸ 12-19-2002 WS, at p. 90.

⁸⁹ 12-19-2002 WS, at p. 91.

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been used to finance the embassy bombings in Africa," according to the affidavit.
[Exhibit JJJ.]

(U) CONCLUSION

(U) Yassin AL-QADI is an experienced and sophisticated businessman and financier. He has operated companies, including investment vehicles and banks, in many corners of the world. He is presumed to be capable of understanding his investments, his companies, and his charities, and of being responsible for the actions of those entities which he founds, funds and/or controls.

(U) AL-QADI's defense, however, to all the charges that he has supported terrorists through his provision of funds to Muwafaq and to other entities he controls and to persons with ties to terrorists is that either there is no evidence that these entities and individuals have been involved in terrorism, or that to the extent that they were, this involvement was beyond his knowledge.

~~(S)~~ [REDACTED] There is, however, substantial and credible evidence that both Muwafaq as an entity, and many of the individuals charged with operating it and distributing its funds, were engaged in a longstanding pattern of supporting terrorist and extremist causes. This evidence comes from both classified and unclassified sources.

(U) The use of a charitable organization to provide cover to funding terrorist operations is by no means unique in this instance. On February 12, 2002, Deputy Assistant Secretary for Terrorism and Violent Crime Juan Zarate testified before the House Financial Subcommittee, Oversight and Investigations, "Investigation and analysis by enforcement agencies have yielded information indicating that terrorist organizations sometimes utilize charities to facilitate funding and to funnel money. Charitable donations to non-governmental organizations (NGOs) are commingled and then often diverted or siphoned to groups or organizations that support terrorism.... Though these charities may be offering humanitarian services here or abroad, funds raised by these various charities are sometimes diverted to terrorist causes. This scheme is particularly troubling because of the perverse use of funds donated in good will to fuel terrorist acts."

(U) There is additional information from U.S. court cases and from his own admissions showing that AL-QADI directly provided money to an upper-level HAMAS operative.

(U) AL-QADI admits his longstanding and intimate association with SDGT Julaidan, SDGT Chafiq Ayadi, Dr. Abdul Latif Saleh, and Amir Mehdi. The latter three individuals have been, according to the information available to OFAC, arrested and/or deported from their countries of operation because of associations with terrorists, and Julaidan is a known close associate of Usama bin Ladin. Each one of these individuals handled significant sums of money provided to him by AL-QADI.

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(S) [REDACTED] Furthermore, there are dozens of reports generated by numerous countries that have concluded that Muwafaq was engaged in funding terrorists and extremists, and that this funding came from not one, but multiple offices of Muwafaq.

(U) It strains credulity that AL-QADI could have unintentionally found himself in a repeating cycle of hiring individuals based on his assessment of their character, and that these individuals kept deceiving him about their intents on providing his funds to terrorists and extremists. These are individuals who AL-QADI had opportunity to personally observe over a period of years, and he gave them significant sums of money to handle on his behalf. Indeed, AL-QADI continues to refer to Julaidan and others as trustworthy and does not question their motives.

(S) [REDACTED] In making this determination, no one element, no one contact, no one accusation of funding is taken as being determinative of the assessment that AL-QADI has been providing support to terrorists through his actions. There are far too many reports, originating from too many sources, pointing at too many different entities (SDGTs al Qa'ida, HAMAS, the Egyptian Islamic Jihad, Makhtab al-Khidamat, Al Haramayn (Bosnia), and the Abu Sayyaf Group) and individuals (SDGTs Usama bin Ladin, Wa'el Julaidan, and Chafiq Ayadi) associated with AL-QADI that have connections with terrorism, and dating over too long a time period, to give credence to a defense that all of the reports are in error. OFAC concludes that when considering the number of sources, the numbers of activities and length of time, the totality of the evidence, both classified and unclassified, provides a reason to believe Yassin AL-QADI has funded terrorist and extremist individuals and operations.

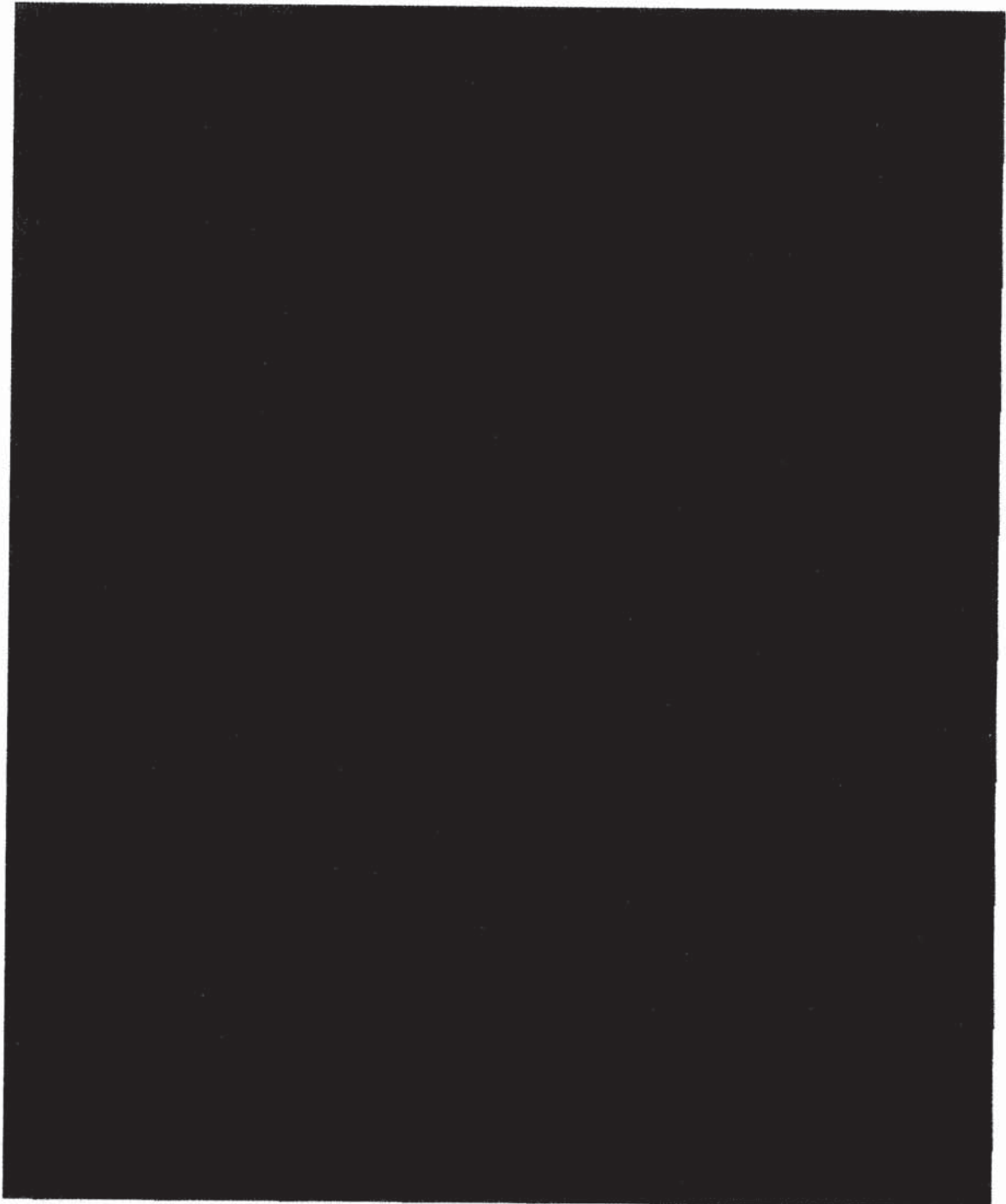
(S) [REDACTED] Based on the foregoing information, there is reason to believe Yassin AL-QADI is:

- acting for or on behalf of al Qaida, Usama bin Ladin, and Makhtab al-Khidamat, persons listed in the Annex to E.O. 13224;
- assisting in, sponsoring, or providing financial, material, or technological support for, or financial or other services to or in support of, among others, al Qaida, Usama bin Ladin, the Egyptian Islamic Jihad, Makhtab al-Khidamat, HAMAS, the Abu Sayyaf Group, the Revival of Islamic Heritage, Al-Haramayn (Bosnia), Chafiq Ayadi, and Wa'el Julaidan, persons subject to E.O. 13224; and
- associated with, among others, al Qaida, Usama bin Ladin, the Egyptian Islamic Jihad, Makhtab al-Khidamat, HAMAS, the Abu Sayyaf Group, the Revival of Islamic Heritage, Al-Haramayn (Bosnia), Chafiq Ayadi, and Wa'el Julaidan, persons subject to E.O. 13224.

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EXHIBIT LIST:



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(U) Exhibit AAA – 2-page fax

(U) Exhibit EEE – “Raising Money: Muslim relief groups caught in crossfire”
9/26/2001, *The Guardian*

(U) Exhibit HHH – Affidavit of Robert Wright, June 9, 1998

(U) Exhibit JJJ – “Terror Investigators Followed Funds to a Saudi Businessman,”
November 26, 2002, *The Wall Street Journal*

(U) Exhibit SSS – Frontline Article

(U) Exhibit UUU – “Saudi’s Cash Funds Terrorism, U.S. Says,” *Chicago Tribune*,
October 28, 2001

(U) Exhibit WWW – 50 F.Supp. 2d 789; 1999 U.S. Dist. LEXIS 9901

(U) Exhibit XXX – Saudi Arabia 9/10/2002 Press Release

(U) Exhibit ZZZ – Treasury Department Press Release, September 7, 2002

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(U) Exhibit AAAA – 924 F.Supp. 565; 1996 U.S. Dist. LEXIS 6182
[REDACTED]

(U) Exhibit CCCC – Jane's Intelligence Review, August 1, 2001, "Blowback"

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